

# FAQ

Grass Valley™ announced on October 12, 2011 that it had acquired PubliTronic, a privately-held, global provider of multichannel, integrated, automated playout solutions. This FAQ answers the most common questions regarding the acquisition.

## 1 **What is the purchase price?**

The terms of the acquisition are not being disclosed.

## 2 **When will the deal close?**

The deal closed on Friday, September 30, 2011 and the work on integrating the team and products into Grass Valley is already well underway.

## 3 **How big is the company?**

The company has a workforce of 32, all of whom are now Grass Valley employees.

## 4 **What do they sell/manufacture?**

PubliTronic primarily develops software. The product range includes a Linux-based server platform and a suite of applications that includes TX/MAM asset management (now Grass Valley K2 TX/MAM™), Cobalt multichannel playout automation (now Grass Valley Cobalt™), and Channel Director, which will launch as the Grass Valley Channel Composer™. Their systems are deployed with all the services needed to integrate with traffic and other business or asset management systems and training.

## 5 **Which markets and applications do they address?**

PubliTronic addresses a wide range of applications for playout that include everything from large, cost-effective multi-channel playout systems for cable, satellite and telco service providers to secondary channels for broadcasters and disaster recovery systems. Their unique approach to graphics and especially real-time graphics gives them a strong position in music and shopping channels, or anywhere real-time graphics channels are an essential part of the programming.

## 6 **How much revenue do they generate and are they profitable?**

PubliTronic was privately held and as such has not publicly disclosed their revenues. However we can say that their revenues have doubled in each of the last several years as interest in integrated playout solutions increases. The company growth has been fueled by its own profits and has no debt.

## 7 **What is their installed base (unit/customers)?**

PubliTronic has a installed base of more than 800 on-air channels, including some of the largest service providers and broadcasters in Europe and around the world, including RedBee, Encompass, Nickelodeon, BBC, Turner, and more.

## 8 **Who are their main competitors?**

Miranda's iTX and Snell's Morpheus ICE are the primary competitors in larger facilities. PlayBox competes in the lower end of the market.

## 9 **Why did Grass Valley purchase PubliTronic?**

Grass Valley currently has a strong brand and legacy in the playout space and was looking for a solution that would complement our offering within our K2 server and STRATUS™ platforms. We also looked for technology that can fuel our technology engine in more than one product line. Grass Valley highly values being a leader in integrated playout as part of its overall strategy to develop software-centric solutions for its core customer base. It's a natural complement to the already strong offerings in live, news, and entertainment production.

## 10 **Why did Grass Valley choose an external acquisition versus an internal investment?**

Two reasons, time to market and a more complete solution. As we've said at the beginning of the year, we have a strategy covering the next three to five years. With a lot to accomplish, we look for investments that deliver short-term solutions to changes in the market as having future potential in more than one product area.

## 11 Does this acquisition change your strategy in regard to automation developers?

No, Grass Valley has a strong server platform and good partnerships with automation developers. We intend to continue to foster these partnerships. However, the market is quickly moving to more integrated solutions that are easier to deploy than the more complex and more capable full master control automation systems. This is especially true for new channel launches. The capabilities of PC graphics and IT platforms have made all of this possible. While there remains a demand for the more comprehensive automation solutions, Grass Valley had no desire to compete with that type of system and lacked certain elements of an integrated system to be able to develop all aspects of that ourselves. The pragmatic choice was to find a good acquisition that would find the same value in Grass Valley as we would find in them.

## 12 Did Grass Valley look into any other options?

Yes, we evaluated several companies. PubliTronic offered the most modern technology, up to date software tools, a great suite of products and core technology that we can use in other products. The fit on the sales and marketing side was equally good with Grass Valley providing a perfect complement to their own team as they looked to expand internationally.

## 13 If PubliTronic was so successful, why did they want to be sold?

PubliTronic found themselves at a crossroads as a company. They knew they had a great product and good success, but knew it was only scratching the surface of their overall potential. Their next step was to make a bigger push internationally and counter the bigger footprints of professional solutions from Miranda (ITX), Snell (ICE), and the fast-growing lower end of the market with products like Playbox.

Grass Valley offered them immediate expansion and brand awareness in areas that knew very little about their company.

## 14 What advantages does Grass Valley see with this acquisition?

The advantages are that PubliTronic has been completely focused on building a playout solution for the past 10 years. Their success was totally from this vertical, and as a result they built an architecture with the capabilities to suit this perfectly, as opposed to being spread thin across many segments as a server player.

Compared to other players out there who came from the automation side of the business, PubliTronic took advantage of the fact that automation and asset management was going to be simpler in the future; consequently, they spent less energy on legacy items and more on the future and building the right platform for the large scale transition that will take place.

We have three key advantages that we will use:

- 1) A robust, proven Linux-based solution that is built on an IT platform, but in a purpose-built way that is targeted at playout.
- 2) We have a best-in-class graphics capability, competing at Vizrt level, and workflow that features better integration with playout than any other system.
- 3) Grass Valley knows how to do large scale media-centric projects because it's what we've been doing for a very long time. That's key and Grass Valley is unique in this integrated playout market in having this capability, and being able to deploy in almost any country in the world.

## 15 How will PubliTronic fit within the Grass Valley portfolio/organization?

They will become a part of the Editing, Servers, and Storage product line reporting directly to Charlie Dunn (Executive Vice President, Products and General Manager, Editing, Servers & Storage Product Group), with the primary focus on playout.

## 16 What will be the key advantages for customers?

Pricing will continue to be competitive: increased functionality versus other integrated solutions, top-flight operations, Linux real-time OS reliability versus Windows-based platforms, and of course ease of use with STRATUS.

## 17 How will Grass Valley manage PubliTronic's current installed base moving forward?

Customers can expect a seamless transition with continued commitment on products and solutions that will be designed, built, and delivered at the level they have come to expect from Grass Valley. We will welcome them to the family of existing and happy customers.

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